GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2522
ANSWERED ON:18.03.2005
TARIFF ADVISORY COMMITTEE
Antulay Shri Abdul Rehman

Will the Minister of FINANCE be pleased to state:

(a) whether the Tariff Advisory Committee of iRDA has imposed a hefty penalty of more than Rs. 5.00 crores on National Insurance Company of Kolkata (or violating the tariff provisions while providing insurance cover to the Vadodara refinery of IOC;

(b) if so, the details thereof;

(c) whether the National Insurance Company has been asked to pay up the penalty equivalent to the difference between the normal premium and the one undercharged by NIC to clinch the business;

(d) whether the NIC has asked IOC to pay up the difference constituting the penalty; and

(e) if so, the response of the IOC thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) to (c) Tariff Advisory Committee (TAC) has directed National Insurance Co. Ltd. (NIC) to collect the short charged premium amounting to Rs. 5,32,20,419 from Indian Oil Corporation (IOC) as per the norms applicable to Breach of Tariff (BOT) cases. TAC has further informed that any shortfall in premium not collected would devolve on the erring insurer as fine.

(d) Yes, Sir.

(e) As per the information furnished by NIC, the IOC has conveyed that the difference in premium charged by NIC for the year 2004-05 and the premium charged by United India Insurance Co. for the year 2003-04 for the same risk is only marginal and not to the extent as indicated by TAC.